



# HOUSE BUDGET COMMITTEE

## Democratic Caucus

The Honorable John M. Spratt Jr. ■ Ranking Democratic Member

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### President's 2003 Housing Budget: Lip Service For Affordable Housing

Dear Democratic Colleague:

Last week, the President delivered remarks on the importance of minority home ownership. While the President's words are welcome, cuts in his budget's housing programs show that his commitment to affordable housing is more rhetoric than reality.

There are a number of examples of how the President's 2003 budget — and the House Republican Budget Resolution that mirrors it — fail to support housing for low-income families:

- ***Cutting Affordable Housing Revitalization*** — The budget cuts funding for the repair and revitalization of public housing communities by \$417 million (15 percent) compared with the 2002 enacted level. The Administration's 2003 budget for HOPE VI grants for comprehensive revitalization of the most distressed public housing provides \$11 million less than the amount necessary to keep pace with inflation, according to the Congressional Budget Office.
- ***Eroding Funding for Most Affordable Housing Programs*** — The Administration's 2003 budget froze funding for most assisted housing programs at or near the 2002 enacted level. For example, funding for Housing for the Elderly and Disabled is \$20 million less than the amount necessary to maintain constant purchasing power at the 2002 level and Homeless Assistance Grants are \$14 million below that level.
- ***Cutting Rural Housing Programs*** — The Administration's budget cuts Department of Agriculture direct loans for single-family housing by 11.4 percent from the 2002 level; guaranteed loans for single-family housing by 12.4 percent; and direct loans for rental housing by 47.4 percent.

- ***Eliminating Rural Housing and Economic Development*** — The Administration's budget eliminates this \$25 million program that encourages new and innovative approaches to serve the housing and economic development needs of rural populations through grants to local community-based organizations.

America's families are facing an affordable housing crisis. According to the Congressionally appointed Bipartisan Millennial Housing Commission, one in four — almost 28 million — American households reported spending more on housing than the federal government considers affordable and appropriate (more than 30 percent of income) in 1999. A recent study by the National Low Income Housing Coalition shows that an average household must earn at least \$14.66 an hour, nearly three times the federal minimum wage, just to afford a modest, two-bedroom apartment. Despite these needs, the Administration proposes budget cuts at the same time that it argues for permanent extension of last year's \$1.7 trillion tax cut that disproportionately benefits the wealthiest Americans. We look forward to the time when the President matches his words with resources.

Sincerely,

John M. Spratt, Jr.  
Ranking Democratic Member